

Message Text

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43

ORIGIN EA-10

INFO OCT-01 TRSE-00 AID-05 L-02 EB-07 ISO-00 SP-02 NSC-05

CIEP-01 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

H-02 PA-01 PRS-01 USIA-06 IO-10 AF-06 ARA-06 EUR-12

NEA-09 /127 R

DRAFTED BY EA/EP:RHIMUS:TREASURY:SLSOMMERFIELD

APPROVED BY EA:RHMILLER

EA/LC:JBROH-KAHN

AID/EA/C:DNMERRILL

L/EB:PRTRIMBLE

EB/IFD/OIA:RJSMITH

EB/IFD/OMA:PBALABANIS(INFO)

EB/EWT:RPRACHT SUBS)

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P 291900Z APR 75

FM SECSTATE WASHDC

TO ALL DIPLOMATIC AND CONSULAR POSTS PRIORITY

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INFORM CONSULS

E.O. 11652: N/A

TAGS: EFIN, SN

SUBJECT: BLOCKING OF CAMBODIAN ACCOUNTS

REF: STATE 91120

HONG KONG FOR GORDON

1. WE ARE APPRECIATIVE OF MESSAGES FROM SEVERAL POSTS
WHICH HAVE BROUGHT TO OUR ATTENTION DIFFICULTIES CAUSED
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BY USGDECISION TO BLOCK CAMBODIAN ASSETS. WE ARE SENSITIVE

TO CONCERNS EXPRESSED BY SINGAPORE AND MONTEVIDEO TO PROBLEMS CAUSED FOR U.S. BANKS CAUGHT BETWEEN U.S. AND LOCAL LAWS AND FOR PERSONAL DIFFICULTIES OF LOCAL CAMBODIAN DIPLOMATS. FOLLOWING INFORMATION PROVIDED BY TREASURY SHOULD BE USEFUL TO POSTS IN DEALING WITH PROBLEMS ARISING OUT OF THE CAMBODIAN ASSET QUESTION.

2. U.S. DOLLAR ACCOUNTS HELD BY FOREIGN BRANCHES AND FOREIGN SUBSIDIARIES OF U.S. BANKS FOR CAMBODIAN NATIONALS ARE BLOCKED. UNDER PRESENT REGULATIONS THESE U.S. DOLLAR ACCOUNTS ARE REGARDED AS PROPERTY SUBJECT TO U.S. JURISDICTION, IN WHICH THERE IS AN INDIRECT INTEREST OF BLOCKED NATIONALS. THIS IS TRUE WHETHER ACCOUNTS ARE GOVERNMENT OR PRIVATE. IT IS EQUALLY TRUE OF ASIAN DOLLAR OR EURO-DOLLAR ACCOUNTS.

3. NON-U.S.-DOLLAR ACCOUNTS ARE NOT REGARDED AS PROPERTY SUBJECT TO U.S. JURISDICTION. HOWEVER, U.S. BRANCHES AND SUBSIDIARY BANKS ABROAD ARE PERSONS SUBJECT TO U.S. JURISDICTION AND NEED TREASURY LICENSE TO ENGAGE IN ANY TRANSACTION WITH CAMBODIAN NATIONALS. TREASURY IS, HOWEVER, AGREEING TO LICENSES ON CASE-BY-CASE BASIS FOR WITHDRAWALS OF NON-DOLLAR DENOMINATED ACCOUNTS. NEW BUSINESS WITH CAMBODIAN NATIONALS MAY NOT BE ACCEPTED EXCEPT AS LICENSED.

4. TREASURY HAS INFORMED U.S. BANKS WHICH HAVE INQUIRED THAT IT DOES NOT PRESENTLY REQUIRE IDENTIFICATION OF INDIVIDUAL OWNERS OF BLOCKED U.S. DOLLAR ACCOUNTS, BUT DOES REQUIRE REPORT OF TOTAL AMOUNTS BLOCKED IN EACH BRANCH. TREASURY FEELS THAT THIS APPROACH DOES NOT CREATE CONFLICT WITH BANK SECRECY LAWS WITH WHICH IT IS FAMILIAR, SUCH AS SWISS BANK SECRECY LAWS. WE HAVE NOT YET RECEIVED TEXT OF SINGAPORE SECRECY LAW.

5. PERSONAL ACCOUNTS OF CAMBODIANS RESIDENT OUTSIDE CAMBODIA ON THE DATE THE BLOCKING REGULATIONS TOOK EFFECT (APRIL 17, 1975) BENEFIT FROM THE PROVISIONS OF A GENERAL LICENSE PROVIDED FOR IN SECTIONS 500.505 AND 500.506 OF LIMITED OFFICIAL USE

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FOREIGN ASSETS CONTROL REGULATIONS. ACCOUNTS OF PERSONS BENEFITING FROM 500.505 AND 500.506 PROVISIONS ARE AUTOMATICALLY UNBLOCKED, PROVIDING THAT THESE INDIVIDUALS DO NOT ACT FOR THE BENEFIT OF THE CAMBODIAN REGIME OR OTHER PERSONS IN CAMBODIA. THUS, ACCOUNTS OF CAMBODIAN DIPLOMATS WHO HAVE RENOUNCED ALLEGIANCE TO COMMUNIST REGIME (GRUNK) ARE UNBLOCKED, BUT THOSE STILL ACTING FOR CAMBODIAN GOVERNMENT ARE BLOCKED. UNDER TREASURY REGULATIONS ACTUAL

DECISION TO RECOGNIZE INDIVIDUAL CAMBODIAN'S STATUS UNDER 500.505 AND 500.506 IS UP TO THE BANK CONCERNED. ANY CASES INVOLVING QUESTIONS OR DISPUTES SHOULD BE REFERRED BY THE BANK TO TREASURY VIA OFFICES OR CORRESPONDENTS HERE IN THE UNITED STATES. IN CASES INVOLVING HUMANITARIAN ASPECTS WITH FOREIGN POLICY IMPLICATIONS, INDIVIDUALS SHOULD STILL APPLY TO TREASURY VIA THEIR BANK BUT POSTS SHOULD ALSO INFORM DEPARTMENT OF FACTS INCLUDING RECOMMENDATION WHY UNBLOCKING WOULD BE JUSTIFIED. IN CASES OF INDIVIDUALS RESIDENT INSIDE CAMBODIA ON APRIL 17, 1975 WHO SUBSEQUENTLY LEAVE PERMANENTLY, APPLICATION FOR UNBLOCKING MAY BE MADE TO TREASURY. FOR APPROVAL APPLICANT MUST PROVE HE IS INDEED REFUGEE WITH NO INTENT TO RETURN TO A CAMBODIA CONTROLLED BY PRESENT REGIME. THERE ARE NO HARD AND FAST RULES OF PROOF, DECISIONS BEING MADE ON A CASE BY CASE BASIS. (FYI: TREASURY INFORMS US THEY TRY GENERALLY TO INTERPRETE REFUGEE STATUS LIBERALLY.)

6. WITH REGARD TO QUESTION OF CONFLICT WITH LOCAL BANKING LAWS, TREASURY POSITION IS THAT THE DOLLAR IS ELEMENT OF U.S. SOVEREIGNTY, AND THAT BLOCKING OR EXCHANGE REGULATIONS ARE CONTROLS INVOLVE THE USE OF THE DOLLAR AND NOT JUST THE OPERATIONS OF A U.S. MULTINATIONAL. SAME REGULATIONS, FOR EXAMPLE, WOULD APPLY TO DOLLAR ACCOUNTS HELD BY FOREIGN BANKS FOR BLOCKED NATIONALS ALTHOUGH INVESTIGATION AND ENFORCEMENT MAY IN SOME CASES BE MORE DIFFICULT.

7. FUTURE LICENSING POLICY VIS-A-VIS CAMBODIA HAS NOT YET BEEN FULLY FORMULATED. NUMEROUS QUESTIONS REMAIN TO BE WORKED OUT, SUCH AS FUTURE DEVELOPMENTS IN OUR RELATIONS WITH NEW REGIME, USE OF BLOCKED FUNDS TO PERMIT HUMANITARIAN ASSISTANCE AND RELATIONSHIP OF CAMBODIAN BLOCKING POLICY TO OUR OVERALL POLICY TOWARD ACTIVITIES OF U.S. LIMITED OFFICIAL USE

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MULTINATIONALS. AS DECISIONS ARE REACHED ON THESE ISSUES THEY WILL BE COMMUNICATED TO THE POSTS. IN THE MEANWHILE, WE WOULD APPRECIATE POSTS CONTINUING TO INFORM US AS PROBLEMS ARISE WHICH MAY CREATE POLICY ISSUES OR POLITICAL DIFFICULTIES WITH HOST GOVERNMENT. IN VIEW OF TECHNICAL BANKING PROBLEMS INVOLVED AND COMPLICATED TREASURY REGULATIONS, POSTS SHOULD AVOID BEING TOO SPECIFIC IN ANSWERING QUESTIONS BUT RATHER SHOULD ADVISE INQUIRERS TO COMMUNICATE WITH TREASURY THROUGH HEAD OFFICES OR OTHER REPRESENTATIVES IN THE U.S.

8. FOR SINGAPORE AND KUALA LUMPUR: TREASURY IS UNBLOCKING ACCOUNT OF AMBASSADOR NONG KIMNY UNDER POLICY IN PARA 5 ABOVE.

9. FOR OTTAWA: QUESTION CONCERNING HUMANITARIAN
ASSISTANCE RAISED YOUR 1491 WILL BE ANSWERED SEPTTEL. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, BLOCKED ASSETS, LAW, BANK ACCOUNTS, BANK BRANCHES, FOREIGN ASSETS CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE099538
Document Source: CORE
Document Unique ID: 00
Drafter: RHIMUS:TREASURY:SLSOMMERFIELD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750150-0574
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975046/aaaaafst.tel
Line Count: 171
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 91120
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 06 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 MAY 2003 by Izenbel0>; APPROVED <21 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BLOCKING OF CAMBODIAN ACCOUNTS
TAGS: EFIN, SN, US, CB
To: ALL POSTS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006